



The President's Daily Brief

February 11, 1975

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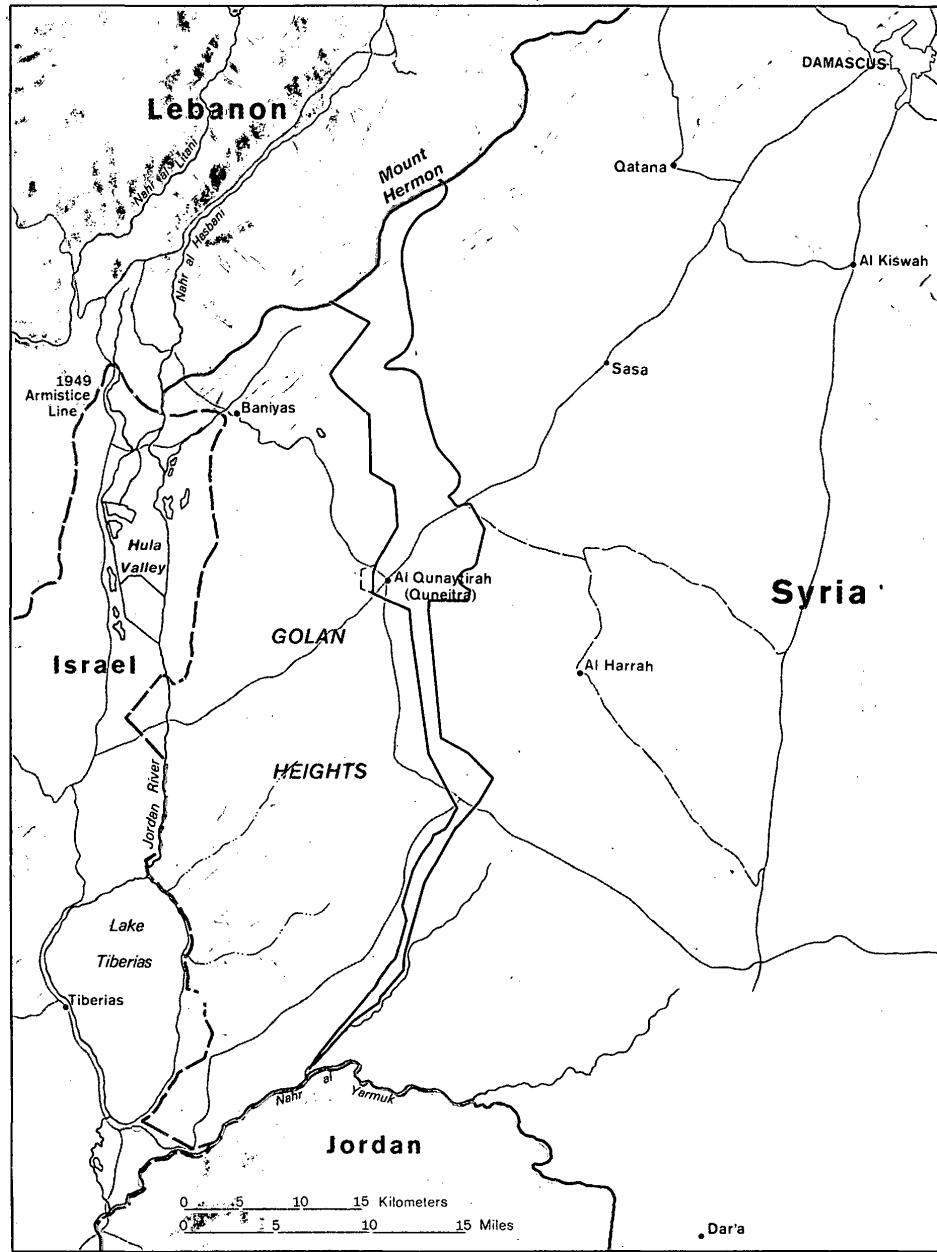
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SYRIA

Syria expects Secretary Kissinger to arrive in Damascus with a proposal for another Israeli withdrawal from the Golan Heights as well as from the Sinai,

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The Israelis returned the town as part of the first Syrian-Israeli disengagement agreement last May. The deputy minister said Syria would reject such a proposal and demand a resumption of the Geneva peace talks unless the Israelis agreed to return the three strategic hills as well.

The Syrians can be expected to turn down almost any offer Secretary Kissinger initially makes in an attempt to obtain further concessions. Should Egypt succeed in getting another Israeli pullback, however, the Syrians would probably settle for whatever territory they could get both to avoid isolation and to demonstrate domestically that the regime's negotiating efforts are paying dividends.

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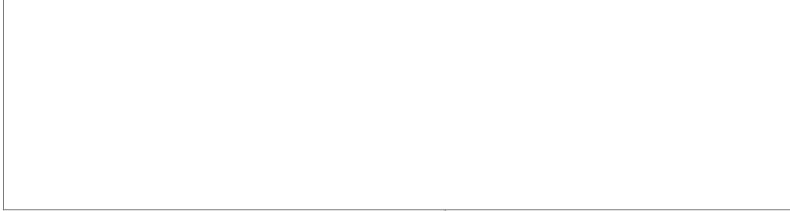
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CYPRUS

The intercommunal talks were postponed yesterday amid indications that both sides are preparing position papers reflecting their maximum demands.

Greek Cypriot negotiator Clerides has already presented his proposals to the UN special envoy at the talks. Turkish Cypriot negotiator Denktash asked for the postponement in order to have more time to complete the Turkish proposal.

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To produce this effect, the Greek Cypriots are expected to propose a multiregional federation with a strong central government. The Turkish Cypriot counterproposal probably will demand a biregional federation with a weak central government.

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VENEZUELA

Venezuela appears to have hardened its position regarding the US Trade Reform Act.

An influential government official has told an embassy officer that ending the exclusion of Ecuador and Venezuela from benefits in the Trade Act "would not placate Caracas' extreme displeasure" with other "discriminatory" and "coercive" features of the act.

He cited specifically:

--The exclusion of such important "less-developed-country" export products as textiles from the preference system.

--The provision for a product-by-product ceiling on imports from qualifying countries.

--Clauses prohibiting preferences to countries that have expropriated property of US citizens without adequate compensation or negotiations in good faith to provide compensation.

The official also insisted that OPEC members should not be discriminated against by the Trade Act because all underdeveloped countries should have the right to participate in cartels and other arrangements in order to improve their terms of trade.

While these comments may reflect an evolving government position, they may also have been intended to bring pressure on the US government without a further public airing of differences. They suggest that, unless its demands are met, the Perez government is prepared to risk further deterioration in relations with the US over the Trade Act.

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WESTERN EUROPE - PORTUGAL

West European officials are concerned about the drift to the left in Portugal, but are having difficulty finding ways to support moderate forces.

The inability of the Portuguese government to specify its aid requirements has frustrated other European nations in their attempts to provide direct bilateral aid to Lisbon. The UK has embarked upon a modest assistance program, however, and Norway is negotiating a technical assistance pact. Several EC capitals have expressed interest in a Dutch proposal to "untie" development aid to the former Portuguese colonies, thereby allowing them to turn to Portugal instead of the donor country for goods and services.

The French, Danes, and Italians want to provide assistance through EC channels. EC Vice President Soames will visit Portugal this week to discuss the aid situation and to publicize EC interest in Portugal. The EC Commission, however, is reluctant to commit the Community to long-term preferential arrangements until the political situation in Lisbon stabilizes.

In response to Foreign Minister Soares' recent call for support of democracy in Portugal, the Dutch Socialist Party has launched a campaign to collect funds for its Portuguese counterpart; Social Democratic and Labor parties in a number of West European countries have extended and may expand various forms of direct party-to-party assistance. Moreover, Soames' visit and that of UK Foreign Secretary Callaghan last week are largely intended to provide moral support for Portuguese moderates. In the period prior to the elections, now called for April 12, such visits may be the best help Europe can give.

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CAMBODIA

Prince Sihanouk has again indicated his interest in discussing a peaceful settlement. [redacted]

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[redacted] *although he continues to oppose negotiations with the Lon Nol government.*

Sihanouk, currently in Hanoi for the Tet holidays, appears to be balancing this private initiative with some tough public talk. Prior to his departure from Peking, he issued two statements--one of which was the text of a telegram he had sent to members of the US Congress--denouncing US involvement in Cambodia. In what may have been meant as a conciliatory gesture, however, the prince in his telegram said he and his supporters "do not intend to make the US lose face."

The demand for direct talks with Washington--bypassing the Lon Nol government--was a standard feature of Sihanouk's public line on a Cambodian settlement until the summer of 1973. At that time, he began to take a tougher line on negotiations, presumably at the insistence of Khmer communist leaders. His latest move almost certainly represents a unilateral initiative that does not enjoy their blessing, but reflects the prince's recognition that his only chance of regaining a position of real influence in Cambodia lies in negotiations. With the war at a critical stage, Sihanouk's efforts to promote some sort of dialogue appear to be taking on a new sense of urgency.

Khmer communist officials abroad reacted sharply to Sihanouk's interview with Swedish newsmen in December, in which the prince implied a willingness to accept some form of a coalition government as a basis of a settlement. [redacted]

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[redacted] the communists flatly oppose a compromise settlement because it would lead to a coalition government involving not only representatives of the Lon Nol side but also "untrustworthy elements" within the insurgent movement--a clear reference to Sihanouk and his non-communist supporters.

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ETHIOPIA

The US embassy believes the Eritrean rebels may make prime targets of the fuel and generators located at Kagnew.

The rebels fired automatic weapons and rockets late yesterday in a show of force in Asmara. Most of the firing appeared to be directed at Ethiopian military facilities, but rounds were also aimed at the US portion of the Kagnew tract, occupied by both the US naval communications unit and the Ethiopian army.

The US consulate, located next to another Kagnew tract occupied by the Ethiopian navy, was caught in heavy crossfire. There were no US casualties.

The insurgents probably have concluded that the Ethiopians will attempt to use the US power resources to restore electrical services to the city. The embassy believes the Ethiopians, who badly need the electricity to support their military action against the rebels, are, in fact, considering such plans.

The Ethiopian air force resumed attacks on rebel positions near Asmara yesterday after being grounded for several days, probably because of fuel shortages. There also were reports of increased ground fighting north of the city.

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